

# U.S.-Russian Relations: Toward a New Strategic Framework

by Eugene B. Rumer and Richard D. Sokolsky

## Key Points

**P**resident Vladimir Putin's support for the global war on terrorism demonstrates his strong commitment to Russia's integration with the West. His determination has survived several crucial early tests, notably the U.S. decision to withdraw from the Anti-Ballistic Missile Treaty, U.S. military deployments to Central Asia, and the prospect of Baltic states becoming members of the North Atlantic Treaty Organization (NATO). Putin's new course has not been well received by the Russian national security establishment.

The United States cannot take Russia's newfound pragmatism for granted. Sustaining positive relations with Russia will not be cost-free, but it is a promising investment in a relationship and a region whose importance after September 11 has taken on a new meaning. A strong, friendly Russia can help bolster stability and security in Eurasia and combat terrorism and proliferation of weapons of mass destruction (WMD).

Russia's Westward progress would be encouraged by several developments: a bilateral strategic framework that constrains American ability to reconstitute a vast nuclear arsenal and provides reassurances that future U.S. missile defenses will not negate Russian retaliatory capabilities; a new NATO-Russia relationship in the management of European security affairs; transparency measures concerning U.S. military operations in Central Asia; and multilateral relief from Soviet-era debt and other forms of financial assistance linked to restraints on WMD exports and more effective controls on weapons-grade material.

In 2001, President Vladimir Putin made a strategic choice for Russia's integration with the West. Indicators of this decision include Putin's quest for better relations with the United States and Europe, his stated commitment to Russian membership in the World Trade Organization (WTO), his pursuit of a new relationship with the North Atlantic Treaty Organization (NATO), and his almost casual dismissal of the potential major irritants in the relationship with the United States and its allies—U.S. withdrawal from the Anti-Ballistic Missile (ABM) Treaty, the likelihood of Baltic membership in NATO, sizeable U.S. military deployments to Central Asia, and a growing U.S. military presence in Georgia. Putin has unequivocally crossed these once-insurmountable red lines despite opposition from his closest advisers and the unease of the Russian public over the American presence in Russia's backyard.

The May 2002 summit in Moscow and St. Petersburg will take place amid heightened Russian anxieties and expectations. Russian elites are eager to see the new strategic framework with the United States but are apprehensive about whether it will meet expectations for a new post-Cold War relationship with the Soviet Union's former enemy. President Putin's ability to forge a credible post-Cold War strategic framework with the United States, establish a new relationship with NATO (which will give Russia a more prominent voice in European security affairs), and protect Russian interests and influence in Central Asia will be an important test not only of the U.S.-Russian relationship but also of Putin's personal diplomacy.

Putin is approaching these tasks in a difficult domestic environment. He is nearing the halfway mark in his first term in office and

is enjoying high personal popularity. His job performance, however, does not get the same approval. The two major issues that propelled him to the Kremlin—Chechnya and law and order—remain the country's biggest problems. Hopes for a speedy resolution for the Chechen conflict have long faded. President Putin's declaration of war against crime in February 2002 only underscored that his campaign pledge of law and order remains unfulfilled.

The Russian president's reform agenda faces strong domestic opposition. His military reform is getting poor marks and has been subjected to fierce criticism in the Duma and in the Russian media. Putin's domestic reform plan calls for pain and sacrifice from the population, and his goal of WTO accession will encounter stiff opposition from entrenched domestic corporate and bureaucratic interests. In addition, his pro-Western foreign policy course has been controversial with the political elite and general public. Without strong public support, the Russian president is in no position to challenge any of the entrenched bureaucratic or corporate interests in pursuit of his domestic or foreign policy initiatives.

Putin's ability to forge a mutually respectful and beneficial relationship with the United States will be a crucial test for his foreign policy course. Success—here defined as Putin's ability to demonstrate to the Russian public that Russia maintains a special relationship with America and remains a powerful voice in world affairs—would strengthen his hand domestically. It also would send a strong signal at home and abroad that he made the right

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choice for Russia in accepting President George W. Bush's invitation to a new strategic relationship in the summer of 2001 and in strongly backing the United States in the aftermath of the events of September 11.

## The Stakes

Why should the United States reward Russia for its cooperative stance since September 11? After all, Russia has few means at its disposal to interfere with American freedom of action in Eurasia. Putin's diplomatic and military leverage in Central Asia is limited at best. The Central Asian states have been sovereign and independent for over a decade, and the United States has never recognized Russian aspirations for a hegemonic role in the region. Moreover, some might argue, Putin's post-September 11 actions have been self-serving. The U.S. campaign in Afghanistan has eliminated a major security threat to Russia, one that Russian military presence in Central Asia had not been able to resolve for over 10 years. Politically, the war on terrorism is a boon to the Putin administration as well since it provides a much-needed political fig leaf for the ugly campaign in Chechnya.

As to President Putin's pro-Western strategic choice, what is the merit in rewarding it, especially if we consider Russian options? Russia has been weakened by a decade-long decline and retreat and is still reeling from the domestic socioeconomic impact of post-Communist transition. The country's only hope of leapfrogging to the 21<sup>st</sup> century lies in closer relations with Europe and America. Its other strategic options—junior partnership with China and international isolation—have little appeal to the Russian public. Furthermore, rewarding Russia is not cost-free. The costs entail financial assistance, political commitments that might limit U.S. freedom of action, and the investment of time and political capital on the part of American leaders, all of which are finite resources that call for choices and tradeoffs. Why commit them to Russia, considering its diminished clout in the international arena and limited ability to help or harm U.S. interests?

Even a cursory examination of the alternatives should make clear why investing in a

stable and positive relationship with Russia is in the national interest. We must not take Russia's pragmatism and ability to act in its self-interest for granted. We need to look no further than the record of Russia adrift throughout the 1990s for proof. Russia may have achieved a substantial degree of stability since the nadir of 1998 when its currency collapsed and its leadership became mired in a succession of crises and corruption scandals. However, this achievement and Russia's constructive stance in the international arena should not be considered irreversible. Russia's ability to act in its self-interest will not

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always translate into compliance with U.S. interests. But dealing with a responsible and coherent leadership presiding over a stable and secure Russia is preferable to coping with an erratic Russia.

In the short and medium term, U.S. efforts to combat proliferation and terrorism would face much tougher odds without Russian cooperation. Despite Russia's diminished stature in the international arena, its cooperative approach to U.S.-Russian relations since September 11 has had a positive, soothing impact on trans-Atlantic relations, making it possible for the United States in turn to focus its diplomatic and political energies where they have been needed most.

The record of the 1990s offers an important lesson: a weak Russia is in the interest of no one. The ability of Russia to put its own house in order—from securing its nuclear weapons to pumping oil and gas to global markets—is an important element of U.S. national and international security. The danger to U.S. interests is not from a potential challenger to President Putin, who might shy away from a good personal relationship with his American counterpart, but from Russia failing to consolidate its political and economic accomplishments of the last few years.

In the long run, U.S. interests would be well served by a cooperative relationship with Russia, as envisioned by President Bush. Russia is by no measure likely to regain its global superpower status. However, as a regional power, it could be a useful collaborator with the United States—from helping to balance China to supplying energy to key markets to exercising restraint in critical areas of conventional and WMD proliferation. Thus, shaping positive and collaborative long-term Russian attitudes is an important U.S. objective.

What the United States and its allies will be able to do to help bridge the gap between Russia and the West will pale in comparison with the task facing the Putin administration at home. In fact, his greatest challenge is domestic, because relatively little in the international arena separates Russia from the West. It is a member of most major international organizations, and its potential membership in groups to which it does not yet belong (such as the WTO) or its relationship with NATO are less a matter of international negotiation than of real, domestic transformation, the kind the United States and its European allies have been urging Russian leaders to implement.

The linkage between Russia's internal transformation and its external direction is crucial. Success in this endeavor could in turn enhance the prospects of Russia becoming a potential partner of the United States. The tragedy of September 11 has underscored the truly global nature of American interests. In the short and medium term, the U.S. campaign in Afghanistan has demonstrated the unmatched military might and reach of the United States. But in the long run, American ability to protect and advance its interests on a global scale will require a substantial degree of burdensharing and cooperation with other nations. A transformed Russia could be an important partner in this regard, helping the United States to project security and stability throughout much of the Eurasian landmass.

This goal is achievable with patience, diplomacy, and respect for Russian sensitivities and interests. U.S.-Russian relations may have to withstand some tests in the coming months and years, such as new and unexpected turns in the global war on terrorism, challenges to the global nonproliferation regime, or internal shocks in Russia or elsewhere in Eurasia. The May summit will present a major opportunity to steer the relationship against these shocks,

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produce short-term results to meet the immediate concerns of both nations, and cement the foundation for a reliable and cooperative long-term relationship.

## Two Agendas

Russian wishes can be broken down into several categories: strategic, political, and economic. From Moscow's perspective, having a strategic framework with the United States has intrinsic value as a symbol of Russia's special status. Ideally, that framework should include legally binding elements that would constrain the American ability to reconstitute a vast nuclear arsenal, as well as some reassurances that future U.S. missile defenses will not negate Russia's retaliatory capabilities. In matters of European security, Russia would like the ability to influence or block NATO decisions. In addition, Moscow would welcome a measure of confidence that the United States is *not* seeking a permanent military presence in Central Asia. In trade and economic matters, the Russian wish list includes relief from the billions in Soviet-era debt that Moscow assumed in exchange for all Soviet property abroad, as well as reassurances that the United States will support its bid for WTO membership on favorable terms.

American interests in Russia in the short and medium term pertain first and foremost to Russia's practically unlimited WMD and missile proliferation potential. Ending that proliferation—or at the very least halting Russia's most dangerous assistance to rogue states—and denying terrorist groups access to Russian WMD assets are top U.S. priorities. Russia has an equally impressive potential for conventional weapons sales. Limiting the flow of Russian advanced conventional weapons to rogue states or nonstate actors is another important American objective. The global war on terrorism requires continuing U.S. military access to Central Asia. Securing Russian consent for American use of Russian airspace and continuing political endorsement for U.S. initiatives to combat global terrorism are also important elements of international political support for U.S. war efforts. Future stages of the war on terrorism may require United Nations Security Council (UNSC) sanctions; Russian support in the UNSC may prove an important element of maintaining the international coalition in current and future American efforts. Finally, the United States has

an interest in building closer NATO-Russia cooperation, although not at the expense of a Russian veto of crucial NATO decisions.

## Strategic Framework

Overwhelming U.S. military, economic, and political superiority has been a growing Russian concern since the dissolution of the Soviet Union. The U.S. military prowess and global reach demonstrated in Iraq, Kosovo, and Afghanistan have only added to the feeling of vulnerability harbored by many in Russia's national security establishment. The American decision to withdraw from the ABM Treaty has made Russian strategic planners confront the specter of losing the remaining Russian lever-

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age vis-à-vis the United States. The U.S. shift away from negotiated arms control treaties that constrain its flexibility limits American options to extend the kind of guarantees about U.S. intentions desired by the Russian side.

Nonetheless, unilateral declarations about U.S. objectives and intended actions, transparency, and confidence-building measures can provide much reassurance. The purpose of these steps would be to give substance to American rhetoric that the deployment of missile defenses will not threaten Russia's strategic deterrent or confer a unilateral U.S. strategic advantage over Russia. This goal could be accomplished, for example, by a high-level American statement of intent not to deploy missile defense interceptors in numbers and locations that could threaten Russia's strategic nuclear forces and by the creation of new bilateral working groups on strategic stability and missile defenses that would develop concrete proposals for mutual cooperation.

## Nuclear Forces

In a bow to President Putin, the United States appears ready to conclude a legally

binding agreement on strategic force reductions. However, Putin will need to address Russian domestic concerns about the perceived U.S. advantage in the area of uploading capabilities (that is, its ability to refit strategic delivery vehicles rapidly with warheads that have been decommissioned and placed in storage). Washington could offer robust transparency and confidence-building measures to Moscow regarding nondeployed warheads and U.S. uploading capabilities that would extend the amount of time that the United States would need to reconstitute a larger strategic nuclear force and allow Russia to confirm the accuracy of the information provided by America. Most notably, for example, the United States (with reciprocal Russian actions as appropriate) could agree to:

- a regular data exchange and confirmatory measures on changes in the size and composition of the U.S. warhead inventory, including the total number of warheads in the active and inactive stockpiles
- centralized storage of nondeployed warheads away from weapons storage areas at operational bases under mutually agreed monitoring arrangements
- the placement of more warheads into the inactive stockpile than is currently planned.

## Missile Defenses

Bilateral discussions could explore different types of measures that could help address Russian concerns, including cooperation on missile defenses, politically binding declarations on confidence-building and transparency measures, and assurances.

*Missile Defense Cooperation.* A new U.S.-Russian working group on missile defense cooperation could reexamine the Global Protection System (GPS) concept proposed by the first Bush administration. As an initial step in this direction, the United States and Russia could push their Joint Data Exchange Center, which focuses on sharing early warning information, in the direction of multilateral cooperation on missile defense. Even if agreement on a more ambitious GPS ultimately stumbles over the same issues that stymied its progress a decade ago—joint development, operation, and control—the American gesture will resonate with Russia. Over the longer term, potential cooperative measures might build on the concept of putting ground-based interceptors in Russia and elsewhere to intercept rogue missiles in boost phase or on Putin's June 2000

proposal to work with NATO to create “an anti-rocket defense system for Europe.”

One relatively unexplored area of ballistic missile defense (BMD) cooperation with Russia is cooperation in the NATO context. Such collaboration could focus on multilateral exercises and simulations similar to those conducted in the bilateral U.S.-Russian theater missile defense (TMD) exercise program. In the long run, the program could be expanded to include sharing early warning data within a NATO-Russia framework, developing cooperative research and development projects for TMD, acquiring Russian theater BMD systems, and establishing a NATO-Russia TMD brigade in the context of enhanced NATO-Russia cooperation in regional peacekeeping operations.

*Transparency and Assurances.* The objective of any transparency regime should be to reassure Russia that American plans to deploy a limited missile defense system will not threaten Russia’s strategic deterrent. The Confidence Building Measures Agreement, which was a part of the 1997 U.S.-Russian TMD Demarcation Agreement, could serve as a model for a credible transparency regime for missile defenses. Starting with this approach as a baseline, the U.S. Government could consider additional measures to help dispel Russian suspicion of American intentions.

In addition to U.S. statements regarding plans, programs, and intentions for missile defense and visits to missile defense facilities, Washington could offer Moscow an agreement to monitor interceptor production facilities (for example, Perimeter Portal Continuous Monitoring). These arrangements also could be supplemented by a robust data exchange, including notifications of movements of interceptors to operational sites and changes in the status of operational deployments. To further assuage Russian concerns, information must be supplied to Russia regularly on the status of deployed and nondeployed interceptors.

*Focusing Defenses against Rogue States.* American options to address Russian interest in quantitative limits on U.S. missile defense deployments are likely to fall far short of meeting Russian desires. However, the United States might make a gesture that would give substance to the statements that U.S. missile defenses will not undermine Russia’s strategic deterrent. For example, it could unilaterally declare that it will deploy those missile defenses

necessary to defend against limited strikes by rogue states and scale the level of its deployments accordingly. By making this linkage, the United States would send a clear signal that Russian cooperation in limiting the proliferation of ballistic missiles and weapons of mass destruction that they may carry will affect the scale of U.S. missile defenses.

## Central Asia

The Russian military and other members of the national security bureaucracy have been wary of U.S. intentions in Central Asia. They see the growing American military presence there as a threat to Russian influence and political, economic, and security interests. Even though Russia and the United States want to enhance the stability and security of the region, skeptics of Putin’s pro-American tilt fear that

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the United States will someday use its enhanced presence and influence in the region to gain unilateral advantage over Russia.

Russian fears are longstanding and predate Operation *Enduring Freedom*. It would take a full U.S. withdrawal from the region—which is in the interest of neither America nor Russia—to lay them to rest completely. However, the United States could offer a number of transparency and confidence-building measures, beyond requirements of the Organization for Security and Cooperation in Europe (OSCE) Vienna Document, along with some multilateral military activities in the spirit of the Partnership for Peace (PFP), to help alleviate Russian concerns. In theory, the range of such measures is broad:

- making high-level statements that the United States has no plans to maintain a permanent military presence in Central Asia
- informing the OSCE Forum on Security Cooperation (FSC) of U.S. military assets in the region

- notifying the FSC of planned military exercises with host country forces and of changes in U.S. deployments or major military movements in and out of the region

- inviting Russia to participate in multilateral “spirit of PFP” exercises in the region or observe bilateral U.S. military exercises with host country forces

- agreeing to the presence of Russian military observers, based at local Russian embassies, at Central Asian military facilities for liaison and observation purposes.

Analyzing the desirability of such measures, we need to weigh a number of potential pitfalls. In particular, avoiding measures that could hamstring U.S. military operations or compromise operational security would be critical. Making notifications after the fact, such as for military movements, or establishing thresholds for the exchange of data on exercises, would avoid many of the common operational problems associated with data exchanges.

Host countries are likely to be sensitive about allowing Russia to expand its own regional presence along the lines described above. The United States needs to consult in advance with these countries to explain the rationale for the transparency proposal and seek their support. Finally, implementing this regime will impose extra administrative burdens on U.S. military personnel. However, these new requirements should not be overly taxing and would be outweighed by the political benefits of expanding U.S.-Russian cooperation in Central Asia.

## Debt Relief

The leakage of nuclear material and WMD technology and expertise from Russia to countries of concern remains a major problem in U.S.-Russian relations and a significant threat to U.S. national security. The past decade has seen important progress in protecting Russian nuclear material from theft and diversion and preventing Russian brain drain. But the magnitude of this problem and the resources required to deal with it effectively warrant a greater U.S. investment. One potentially promising tool that could be explored in this context is American forgiveness of Russia’s Soviet-era debt (roughly \$4 billion including principal plus interest) in return for specific Russian actions (such as more effective safeguards on weapons-grade material).

The idea of debt forgiveness is likely to be controversial. In 1992, Russia assumed all Soviet debt in exchange for the right to keep all Soviet property abroad. Consequently, debt forgiveness by the United States would undermine the previous arrangement and put other states of the former Soviet Union at a comparative disadvantage. Russian finances no longer warrant debt forgiveness on humanitarian or economic grounds. Many nations have found themselves in dire financial circumstances but have not been a proliferation risk. Thus, ironically, Russia would be rewarded for its irresponsible behavior in the area of proliferation.

On balance, the prospect of encouraging responsible Russian behavior is worth the risk of moral hazard. Accordingly, the United States should announce that it is prepared to fund \$300 million a year in debt forgiveness between now and 2020 that would free an equal amount of Russian resources for programs to reduce proliferation risks. The United States should also invite other creditors to participate in a multilateral debt-forgiveness-for-nonproliferation initiative. Since foreign creditors hold most of Russia's Soviet-era debt, such an initiative would be highly attractive to Russia.

The devil, of course, will be in the details. Agreement will need to be reached on what type of U.S.-Russian Cooperative Threat Reduction (CTR) programs will be funded with this money. Additionally, the United States and Russia will need to agree on the amount of money to be allocated for specific programs; a timetable for deliverables with agreed program milestones; and provisions for monitoring, accountability, and penalties in the event of nonperformance of contractual obligations. Furthermore, procedures will need to be worked out to mitigate the effects of debt forgiveness on the U.S. budget and on Russia's international credit rating. The administration will need to consult and coordinate with other creditors and Congress, since debt forgiveness would require Congressional authorization and appropriation. If these hurdles prove too difficult to overcome, the United States and other creditor nations should consider a substantial boost in direct assistance for CTR programs, once Russian compliance problems with existing arms control commitments are resolved.

## **Iran and WMD**

Russian assistance to Iran's nuclear weapons and missile development programs

poses a major obstacle to improving U.S.-Russian relations and, more importantly, a significant challenge to U.S. global nonproliferation policy. Iranian WMD acquisition would threaten the security of the United States and its allies and friends throughout the Middle East. It also would advance Iran's geopolitical aspirations of dominating the Persian Gulf and driving a wedge between the United States and its Gulf Cooperation Council partners. Without Russian transfer of sensitive nuclear and missile technologies, it would be far more difficult and time-consuming for Iran to develop advanced WMD capabilities. Therefore, cutting off such assistance should remain a high priority for the United States and a central factor in shaping the U.S.-Russian relationship.

**if ending Russian WMD assistance to Iran is an urgent national security priority, the United States should be prepared to pay a high price to achieve this objective**

To date, U.S. efforts to halt Russian transfers of WMD technologies to Iran generally have been unsuccessful for two reasons. First, Russian WMD assistance to Iran serves powerful Russian bureaucratic, economic, and geopolitical interests. The United States has yet to offer Russia sufficient positive incentives that would offset the value of such assistance. Second, the use of sanctions has poisoned the atmosphere for Russian cooperation and, in some cases, led to a hardening of Russian positions. Almost without exception, the limited extent of U.S. economic and commercial relations with Russia deprives Washington of any significant leverage over Russian WMD assistance to Iran.

Coming up with the right combination of incentives for Russia to change its policy toward Iran is no guarantee of success, but not doing so is a sure recipe for failure. If ending Russian WMD assistance to Iran is an urgent national security priority (and it should be), the United States should be prepared to pay a high price to achieve this objective. At the same time, the United States can neither submit to Russian blackmail nor compromise other core security interests in pursuit of a U.S.-Russian deal on Iran and WMD.

The United States has several options to elicit greater Russian cooperation on Iran. First, the United States should act more aggressively in obtaining European support in working both the supply and demand sides of the equation. The high priority that Putin assigns to integrating Russia into Europe gives America's European allies considerable leverage over Russian policies. In particular, Europe and the United States need to deliver a clear message to Russia that it cannot have the kind of relationship that it seeks with the West if it continues to supply Iran with dangerous WMD technologies. Thus, the United States should urge its European allies to condition their growing economic, commercial, and energy ties with Russia upon concrete Russian actions to cut off WMD assistance to Iran. The United States likewise should encourage European countries to link their budding relations with Iran to its restraint in acquiring WMD. Europe must receive the clear message that if it hopes to influence the evolving U.S. policy toward Iran—as well as the evolution of the U.S. missile defense system, which is intended in part to counter Iranian WMD-armed ballistic missiles—it needs to accept responsibility for halting or slowing Iran's WMD programs.

Second, the United States might be well advised to draw a clearer connection between its missile defense program, including the prospects for U.S.-Russian BMD cooperation, U.S. strategic force reductions, and Russian WMD assistance to Iran. Iranian success in acquiring long-range ballistic missiles for delivery of WMD will be a key driver of the scope and capabilities of a U.S. missile defense system. It also will affect U.S. willingness to reduce the large strategic reserve force that it is keeping as a hedge against uncertain WMD threats such as Iran. Washington should emphasize to Moscow that in return for concrete actions to cut off WMD assistance to Iran, the United States would consider more favorably Russian proposals to limit future missile defense deployments and to reduce the size of its strategic reserve force. Similarly, we need to emphasize to Russia that we cannot discuss more advanced forms of U.S.-Russian cooperation in developing missile defenses as long as it transfers sensitive WMD technologies to Iran.

Third, progress could be made by putting on the table a package of substantial financial incentives to compensate Russia for the economic losses that it would suffer from ending

its WMD assistance to Iran. Much of this increased assistance should be focused on Russian scientists engaged in the nuclear and missile trade with Iran. It also should be used to help Russia's Ministry of Atomic Energy to downsize, streamline, and rationalize Russia's bloated and inefficient nuclear infrastructure.

Finally, creative thinking might offer promise. Other issues may be of greater importance to Russia than supplying nuclear and missile technologies to Iran. In addition to the tradeoffs between U.S. missile defense policy and Russian WMD assistance to Iran sketched out above, these might include early entry into the WTO on terms favorable to Russia; greater access to Western investment and technology; debt relief; and a more equal partnership between NATO and Russia. The United States should explore the possibility of leveraging these crosscutting issues to alter unacceptable Russian WMD policies toward Iran. In general, however, the disincentive that offers the greatest prospect of success is foreclosing future forms of cooperation that would benefit Russia rather than curtailing ongoing programs.

## Cooperation on Iraq

Iraq is another major item on the U.S.-Russian bilateral agenda where a broad range of security, political, energy, and economic issues converge. Iraq has long been a highly contentious issue in U.S.-Russian bilateral relations, fairly characterized for most of the post-Gulf War period as an impasse. The new chapter in U.S.-Russian relations has presented opportunities to break this deadlock while satisfying U.S. and Russian interests yet minimizing the risk of jeopardizing the overall relationship between Washington and Moscow.

The most promising signals from Russia on the subject of Iraq have come from President Putin himself. A careful reading of the president's statements on Iraq, echoed by some of Russia's top officials, suggests strongly that the Kremlin is open to a compromise on this issue, whether in the context of a UN sanctions regime or even the global war on terrorism and regime change in Iraq.

Senior Russian officials, including President Putin, have made it clear that they would not stand in the way of U.S. use of force against Iraq, with the provision that important Russian interests in Iraq are accommodated. Russian officials also have made it abundantly clear

that U.S. action against Iraq would not undermine the improving relationship with the United States and would not disrupt Russian cooperation with the United States in the global war against terrorism. Russian interests in Iraq and conditions for condoning U.S. military action against Iraq fall mainly into two categories: political and economic.

Russia's residual great power aspirations and desire for a voice in the international arena top the list of its political concerns with regard to Iraq. A major policy decision on Iraq, made by the United States without consulting Russia, would be seen as a sign of Moscow

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being marginalized. Having a seat at the table and a vote when the fate of Iraq—one of the most important issues facing the international community—is being decided matters more to the Putin administration than the actual fate of Iraq and the substance of that decision.

But Russian political stakes in Iraq are not limited to recognition and reaffirmation of Russian great power status. Protecting Russian economic and commercial interests in Iraq is a political objective as well. Russian economic stakes in Iraq include the long-standing Iraqi debt to Russia, estimated at approximately \$7 billion, for past weapon deliveries; exploration and production contracts awarded to Russian oil companies by the Iraqi government; and trade with Iraq under the oil-for-food program. Protecting these interests undoubtedly is an important domestic political concern for the Putin administration because behind them stand some of the richest and most powerful lobbies in Russian domestic politics: the energy sector and the arms manufacturers and exporters.

Given these concrete and clearly identifiable Russian stakes in Iraq, accommodation with Russia on Iraq should be explored. Clearly, the United States cannot allow Russia to exercise a veto over a U.S. decision to use force against Iraq. Moreover, Russian consent to U.S. use of force against Iraq would not be cost-free. These costs would entail a number of political

commitments on the part of the United States to recognize and respect Russian economic and political interests in Iraq. For example, the United States probably would need to offer its support for Russian claims for repayment of debt by a future post-Saddam Iraqi government; similar commitments would need to be extended to the Russian government with regard to contracts held by Russian oil companies.

At the same time, Russian cooperation on Iraq would bring considerable political benefits. Russian support for U.S. policy toward Iraq would send some extremely important signals: to Iraq's leadership, that the regime's long-time key source of international support has been lost and that it is now facing a united international community and UNSC; to those European allies who have reservations about the use of military force against Saddam's regime, that they no longer have the pretext of Russian obstructionism to excuse their own lack of support for U.S. policy; and to China, that it runs the risk of isolation in the UNSC, a prospect that Chinese leaders have traditionally sought to avoid. Thus, getting Russia on board with American policy in Iraq could be a pivotal step in sustaining the international coalition that emerged at the outset of the global war on terrorism. Russian agreement to expand oil production and exports could also help to mitigate oil price increases if U.S. military action causes a temporary disruption of Iraqi oil exports or other disturbances in the international oil market.

## Energy Cooperation

Circumstances appear ripe for the United States and Russia to expand energy security cooperation. President Putin attaches great economic and political importance to expanding Russia's role in the international oil market. Russian oil companies, which entertain hopes of displacing Saudi Arabia as the world's largest oil producer, have improved their management and business practices as well as the efficiency of their operations. Although more needs to be done to create a better environment for foreign investment in Russia's energy sector, progress has been made in liberalizing production-sharing arrangements and creating a more hospitable environment for foreign investment through changes in tax laws and regulations. Nonetheless, it will take billions of dollars in additional foreign investment to

achieve a significant expansion in Russian oil production capacity and exports, which are limited primarily by bottlenecks in the transportation infrastructure and lack of access to Western oil technology. At the same time, there is growing interest in the United States in reducing dependence on oil imports from Saudi Arabia and, more broadly, in diversifying sources of energy supplies.

One idea, which has been advocated by some energy experts, is for the United States to purchase Russian oil, under long-term supply arrangements, to increase the size of the U.S. Strategic Petroleum Reserve (SPR), which currently holds 500 million barrels, or approximately a 90-day supply of imports.<sup>1</sup> Doubling the stockpile to 1 billion barrels and purchasing half of this increase from Russian stocks would yield Russia several billion dollars. In addition, the United States should urge other countries to increase purchases of Russian oil to augment their national stockpiles of oil reserves. These actions could be contingent on Russian agreement to remove many of the restrictions that discourage foreign investment in the Russian oil industry.

There are several advantages to this proposal. Augmenting the SPR with Russian oil would provide enhanced energy security, and such purchases could be designed to help Russia during a time of market weakness. Increased global stockpiling would supplement oil inventories available in a crisis; reduce the need for the United States and other International Energy Agency countries to increase their own stocks to cover a rise in world oil demand; eliminate a potentially dangerous competition for oil supplies in a crisis; and reduce Organization of Petroleum Exporting Countries leverage over the global oil market. Although it would require a change in policy on the use of the SPR, coordinated management of all these stocks would provide a more flexible tool for influencing the global price of oil.

This initiative, however, has some potential drawbacks. Expanding the stockpile is expensive, and U.S. oil companies are likely to object if the administration gives Russia preferential treatment in making new purchases. The costs to emerging economies of increased stockpiling could be prohibitive. Finally, as noted above, use of the American and other national stockpiles for any purpose other than insurance against a major supply disruption would require a major change in policy that could arouse controversy here and abroad.

## Chechnya

Arguably, the most difficult issue on the U.S.-Russian bilateral agenda is Chechnya. The plight of Chechen civilians and reports of widespread abuses of human rights by the Russian military cannot be ignored. As the challenge of bridging the gap between Russia and the West becomes increasingly a matter of Russian domestic transformation (a fact that is evidently recognized by members of the Russian elite), Chechnya becomes one of the largest obstacles to Russia's Westward progress.

Chechnya is first and foremost a domestic political issue for Russia and Putin. Widespread reports in the Russian press raise doubts about the extent of the Kremlin's political control of the military in Chechnya. One of Putin's great

### **engagement and improved relations with Russia offer a far more realistic chance of promoting peace in Chechnya than coercion**

est challenges in Chechnya appears to be asserting full control of the military.

Given President Putin's personal political investment in the Chechnya issue, he probably needs little encouragement to seek an end to the conflict. It is unlikely that a high-profile public campaign by the United States to push the Kremlin toward settlement could prove productive or generate anything other than Russian resentment. Conditioning better relations with Russia on progress in Chechnya would be counterproductive. It appears far more promising to use improved U.S.-Russian relations to encourage responsible Russian behavior there.

The recent U.S. decision to step up security assistance to Georgia in the Pankisi Gorge—a region reportedly used by Chechen fighters as a refuge and staging area for attacks on Russian troops in Chechnya—should help stabilize the situation and hopefully remove a major irritant in Russian-Georgian relations. The Kremlin's reserved reaction to the unprecedented U.S. deployment in Georgia (a potentially neuralgic issue in Russian domestic politics) suggests that Russian leaders understand the benefit to Russian security from this move.

Beyond that, the United States should continue to exert quiet diplomatic pressure on the Putin administration, as well as on the Chechen leadership, to seek a negotiated solution to the conflict, while making it clear that it is an internal Russian matter and that Russian territorial integrity is not an issue as far as the United States is concerned. Engagement and improved relations with Russia offer a far more realistic chance of promoting peace in Chechnya than coercion or withholding acceptance of President Putin, whose hand in dealing with this thorny issue could only be weakened by such tactics.

The United States enjoys a clear strategic advantage vis-a-vis Russia: it is in the driver's seat in this bilateral relationship and does not have to take any of the initiatives outlined above to maintain its position of unparalleled strategic superiority. Nor are those steps guaranteed to result in a mutually beneficial relationship with Russia. Furthermore, they may, as has happened in the past, ultimately produce little more than frustrations and paralysis once the two countries try to implement them.

However, the steps discussed here entail relatively few risks for the United States and offer a considerable upside: the promise of realizing President Bush's vision of a stable, cooperative, and mutually beneficial relationship with Russia. Moreover, while they do not address fully all Russian concerns, they do offer the Russian side a number of important advantages and the best guarantee for Russia and President Putin of a predictable, good—even special—relationship with the United States.

Few predicted the Soviet Union's demise 15 years ago at the outset of Mikhail Gorbachev's reforms, and few can predict Russia's future 15 years from now. It could emerge as a significant Eurasian power, or it could continue its decline. The agenda described here will position the United States to meet the challenge of either outcome.

#### **Note**

<sup>1</sup> This discussion draws heavily on a recent Council on Foreign Relations report by the Task Force on Strategic Energy Policy: "Challenges for the 21<sup>st</sup> Century," available at <<http://www.cfr.org>>

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